

**REVENUE DEPARTMENT[701]**

**Adopted and Filed**

Pursuant to the authority of Iowa Code sections 421.14 and 422.68, the Department of Revenue hereby adopts amendments to Chapter 40, “Determination of Net Income,” Iowa Administrative Code.

Notice of Intended Action was published in IAB Vol. XXXIV, No. 16, p. 1052, on February 8, 2012, as **ARC 0005C**.

These amendments make changes to rule 701—40.38(422) related to the exclusion of certain capital gains income from Iowa individual income tax. The amendments remove obsolete provisions, clarify existing provisions, and incorporate additional provisions related to the capital gains that are eligible for the exclusion.

There have been no substantive changes to the amendments published under Notice of Intended Action. However, corrections have been made in subrules 40.38(2), 40.38(6) and 40.38(9) to make the terminology uniform.

After analysis and review of this rule making, no adverse impact on jobs has been found.

These amendments are intended to implement Iowa Code section 422.7.

These amendments will become effective May 9, 2012, after filing with the Administrative Rules Coordinator and publication in the Iowa Administrative Bulletin.

EDITOR’S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these amendments [40.38] is being omitted. With the exception of the changes noted above, these amendments are identical to those published under Notice as **ARC 0005C**, IAB 2/8/12.

[Filed 3/16/12, effective 5/9/12]

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[For replacement pages for IAC, see IAC Supplement 4/4/12.]